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To: All HOME & CDBG Recipients  
From: IHFA Community Development Department  
Date: December 27, 2000  
**Re: Revised: Allowable Pre-Agreement Costs**

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**Notice:** FSP-00-20

In an effort to improve the implementation timetable for federally funded projects, the Indiana Housing Finance Authority (IHFA) will allow applicants for funds from the HOME Investment Partnerships Program (HOME) and the Community Development Block Grant Program (CDBG) to incur certain costs prior to receipt of a grant from IHFA. Please note that any costs incurred prior to receiving an award from IHFA are incurred at the applicant's risk. Pre-agreement costs incurred for projects that do not receive funding will not be reimbursed by IHFA.

The following costs may be incurred by the applicant, subrecipient of the applicant, or a professional administrator procured by the applicant:

1. Environmental Review
2. Program Delivery Costs\*
3. Acquisition of a property to be assisted with federal funds\*\*

\*Eligible program delivery costs include: engineering/architectural; plans, specifications, and work write-ups; inspections; cost estimates; building permits; demolition permits; credit reports; title searches; recording fees; private lender origination fees; appraisals; legal and accounting fees; client in-take; affirmative marketing; fair housing education; impact fees; lead hazard testing; and lead-based paint training.

\*\*You must have published and received environmental release of funds before proceeding with a property acquisition. In order to reduce risk to the applicant or subrecipient, IHFA encourages organizations to only utilize this option when there is an urgent need to purchase the property.

The applicant has the following options with regards to pre-agreement costs if the project is funded by IHFA:

1. The costs may be reimbursed from the CDBG or HOME grant given that all federal requirements were adhered to related to the costs incurred and any procurement of a grant administrator.
2. Any of the three identified costs that are donated or paid from local funds may count towards the local leverage requirement under the CDBG program.
3. Program delivery costs or acquisition costs donated or paid from local funds may count towards the local match requirement under the HOME program.

Again, please note that any pre-agreement costs incurred by the applicant are at the applicant's risk and will not be reimbursed by IHFA if the project is not funded. Costs for preparation of the grant application are not an eligible

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115 W. Washington St.  
Suite, 1350, South Tower  
Indianapolis, IN 46204

(317) 232-7777  
(800) 872-0371  
<http://www.state.in.us/ihfa>



cost under the terms of this memo. Any pre-agreement costs incurred up to six (6) months prior to the initial application date will be valid for a period of one (1) year from the date of such application.

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